



**Department of the Navy
Human Resources Service Center
Benefits Bulletin No. 2003-3**

**THRIFT SAVINGS PLAN
CATCH-UP CONTRIBUTION
ELECTIONS - NOTICE**

The President signed Public Law 107-304, which permits eligible Thrift Savings Plan (TSP) participants who are age 50 or older to make tax deferred "catch-up" contributions from their basic pay to their TSP accounts. These contributions are a supplement to the participant's regular employee contributions and do not count against either the statutory contribution percentage limitations or the Internal Revenue Code's elective deferral limit. However, the catch-up contributions have their own annual limit and eligibility criteria. The annual TSP Catch-up contribution limit is \$2000 in 2003; \$3000 in 2004; and \$4000 in 2005. In 2006 and thereafter, this amount will be subject to increases to reflect inflation.

ELIGIBILITY CRITERIA FOR PARTICIPATION IN THE TSP CATCH-UP CONTRIBUTIONS

Catch-up contributions are made by payroll deductions. To be eligible to make contributions, TSP participants must:

- Be in a **pay status**.
- Be contributing either the **maximum** TSP contribution percentage or an amount which will result in his or her reaching the elective deferral limit by the end of the relevant year.
- Be at least **50 years old** in the year the catch-up contributions are made (even if the participant's birthday is December 31 of that year).

Employees who are within the 6-month non-contribution period following receipt of a financial hardship in-service withdrawal are not eligible to make contributions.

IMPORTANT INFORMATION CONCERNING THE TSP CATCH-UP CONTRIBUTIONS

Catch-up contribution elections are not subject to the open season rules, and more than one election may be made in any given year (so long as the annual catch-up limit is not exceeded). Furthermore, Catch-up contributions are not eligible for matching contributions. There are no Agency Automatic (1%) Contributions associated with catch-up contributions. Also, your Catch-up contributions will be invested in your account based on the most current contribution allocation on file with the TSP Board.

Catch-up contribution elections are made based on a requested whole dollar amount. Contributions will be deducted from the participant's basic pay each pay period until: (1) the annual catch-up limit is reached; or (2) the calendar year ends; or (3) the participant elects to stop the contribution. **Employees must make a new election each year because the annual limit changes.**

WHEN CAN YOU MAKE YOUR TSP CATCH-UP CONTRIBUTION ELECTION?

Currently the Defense Finance and Accounting Service (DFAS) payroll system is expected to be ready to process TSP Catch-up contribution elections 7 September 2003. The automated benefits system will be available prior to 7 September so that an employee can make their TSP Catch-up contribution elections. Civilian employees who meet the eligibility criteria and want to make a TSP Catch-up election must do so by using one of the automated benefit applications (web or telephone). As the automated benefit applications are updated, more information will be forthcoming on how to make a TSP Catch-up contribution election. If you need to speak with a benefits specialist, please dial **1-888-320-2917**. Press 2 to go to a counselor, then listen for the option to go to your servicing Human Resources Service Center (HRSC).